

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6152

BILL NUMBER: HB 1040

NOTE PREPARED: Nov 6, 2006

BILL AMENDED:

SUBJECT: Minimum Wage.

FIRST AUTHOR: Rep. Hoy

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL**

IMPACT: State & Local

 X **DEDICATED**

 X **FEDERAL**

Summary of Legislation: This bill increases Indiana's minimum hourly wage to \$7.50 on July 1, 2007, to \$8.00 on July 1, 2008, and to \$9.00 on July 1, 2009. It increases Indiana's minimum wage for certain individuals under 18 years of age to \$5.15 on July 1, 2007.

The bill makes technical corrections.

Effective Date: July 1, 2007.

Explanation of State Expenditures: The state has 850 employees who are paid less than \$9.00 per hour (14 are paid less than \$7.50 per hour, 613 between \$7.50 and \$8.00 per hour, and 223 between \$8.00 and \$9.00 per hour). The cost to increase the minimum wage from the current rate of \$5.15 to \$7.50 per hour on July 1, 2007, \$8.00 per hour on July 1, 2008, and \$9.00 per hour on July 1, 2009, would be approximately \$41,900 for FY 2008, \$74,100 for FY 2009, and \$1.4 M for FY 2009. The increase in the minimum salary would also affect wage-related benefits such as social security and retirement benefits.

Explanation of State Revenues:

Explanation of Local Expenditures: The local impact of increasing the minimum wage is unknown. The percentage increase from the current rate of \$5.15 would be 45.6% on July 1, 2007, 55.3% on July 1, 2008, and 74.8% on July 1, 2009. The increase in the minimum salary would also affect the local unit's cost of

wage-related benefits such as social security and retirement benefits.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources: Department of Personnel Staffing Database.

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